HOUSING MARKET INFORMATION

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CANADA MORTGAGE AND HOUSING CORPORATION

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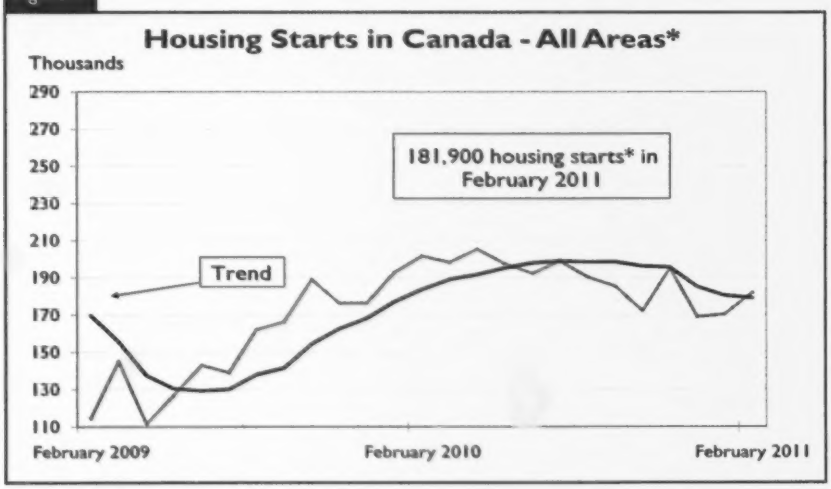
Canadian Market Overview

New Home Market

Housing starts increased in February

The seasonally adjusted annual rate[1] of housing starts was 181,900 units in February, up 6.6 per cent from 170,600 units in January. Housing starts moved higher in February primarily due to a strong increase in urban multiple starts in Ontario and the Prairie region. In particular, multi-family starts were up in Toronto and in Saskatchewan.

Figure 1



Source: CMHC

*Seasonally adjusted at annual rates

[1]All starts figures in this release, other than actual starts, are seasonally adjusted annual rates (SAAR) — that is, monthly figures are adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months. This facilitates comparison of the current pace of activity to annual forecasts as well as to historical annual levels.

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Both single and multiple starts moved up in February

The seasonally adjusted annual rate of urban starts increased by 9.4 per cent to 161,000 units in February. Urban multiple starts went up 14.5 per cent to 94,900 units, while single urban starts moved up by 3.0 per cent to 66,100 units.

Urban starts increased in Ontario and the Prairies in February

February's seasonally adjusted annual rate of urban starts increased 29.3 per cent in Ontario and 26.1 per cent in the Prairie region. Urban starts decreased in Atlantic Canada (-24.7 per cent), in Québec (-7.1 per cent), and in British Columbia (-5.9 per cent).

Rural starts were estimated at a seasonally adjusted annual rate of 20,900 units in February.

Year-to-date actual starts down compared to 2010

On a year-to-date basis (to February 2011), actual total housing starts in urban areas have decreased by 6.7 per cent compared to the same period in 2010. Actual urban single starts for the first two months of 2010 were down 27.8 per cent while urban multiple starts were 10.3 per cent higher than the same period of last year.

Year-to-date actual starts in rural and urban areas combined decreased by 5.3 per cent compared to the first two months of 2010.

New Housing Price Index rises in January

According to Statistics Canada, the New Housing Price Index (NHPI) increased 0.2 per cent in January following a 0.1 per cent advance in December. On a year-over-year basis, the NHPI was up 1.9 per cent in January after a 2.1 per cent year-over-year increase in December.

In January 2011, new home prices increased in 16 out of 21 centres on a year-over-year basis. The largest year-over-year increases in the NHPI were in St. John's (6.2 per cent), Regina (6.0 per cent), Winnipeg (5.9 per cent), Ottawa-Gatineau (4.2 per cent), and Montréal (4.0 per cent). The centres registering declines were Windsor (-3.7 per cent), Charlottetown (-1.9 per cent), Greater Sudbury and Thunder Bay (-1.1 per cent), Victoria (-1.0 per cent), and St. Catharines-Niagara (-0.8 per cent).

Existing Home Market

MLS®[2] sales fall in February

The seasonally adjusted annual rate of MLS®[1] (Multiple Listing Service®) sales fell 1.6 per cent to 464,388 units in February, compared to 472,140 units in January.

For the first two months of 2011, actual MLS® sales were down 6.2 per cent compared to the same period in 2010.

MLS® new listings edge up in February

The seasonally adjusted annual rate of MLS® new listings in February increased by 1.5 per cent to 867,492 units, compared to 854,412 units in January. Actual new listings for the first two months of 2011 were down by 1.0 per cent compared to the same period last year.

Sales-to-new-listings ratio[3] moves down in February

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

The seasonally adjusted sales-to-new-listings ratio for Canada was 53.5 per cent in February, down from January's 55.3 per cent. Overall, Canada's housing sector appears to be in balanced market conditions.

MLS® prices increase despite softer market conditions

The February seasonally adjusted average MLS® price in Canada rose 2.5 per cent to $366,337 compared to $357,473 in January. The unadjusted MLS® average price was up in February to $365,192 from $335,767 a year ago.

[2]Multiple Listing Service (MLS®) is a registered certification mark owned by the Canadian Real Estate Association

[3]Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

Economic conditions

According to Statistics Canada, employment edged up by 15,000 in February bringing the total gains over the past three months to 115,000. Part-time employment rose by 39,000 in February which was partly offset by a decline in full-time employment of 24,000.

Compared to February 2010, total employment across Canada was up 1.9 per cent (322,000 jobs). Over the past year, part-time employment added 166,000 net new jobs while full time employment increased by 156,000 net new jobs.

Among the provinces, Alberta registered a notable increase in employment in February, while Saskatchewan posted employment declines. The other provinces showed little change.

The agency also reported that Canada's unemployment rate remained unchanged at 7.8 per cent in February.

Statistics Canada reported that consumer prices rose 2.2 per cent in the 12 months to February, following a 2.3 per cent increase in January.

With respect to shelter costs, fuel oil and other fuels increased 24.5 per cent in the 12 months to February compared with a 13.9 per cent advance in January. Homeowners' home and mortgage insurance premiums increased 5.8 per cent in February compared with a 6.7 per cent advance the previous month. Conversely, mortgage interest costs decreased 2.4 per cent in February following the same decline the previous month, while natural gas prices decreased 1.6 per cent compared with a 3.3 per cent decline in January.

On March 1 2011, the Bank of Canada announced that it maintained its Target for the Overnight Rate at 1.0 per cent. The last increase in the Target for the Overnight Rate occurred on September 8 when the Bank of Canada raised it by 25 basis points.

The Bank of Canada stated that the recovery in Canada is proceeding slightly faster than expected. Nonetheless, the Bank of Canada noted that any further reduction in monetary policy stimulus would need to be carefully considered. The next scheduled date for announcing the overnight rate target is April 12, 2011. The next Monetary Policy Report is scheduled to be released on April 13, 2011. ■

Figure 2

Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®

Residential Mortgage Credit: Growth in the Fourth Quarter of 2010

Residential mortgage credit increased by 6.9 per cent in the fourth quarter of 2010, compared to the fourth quarter of 2009.

Despite more restrictive mortgage policies implemented during 2010, households took advantage of continuing low mortgage rates and favourable labour market conditions. This led to positive growth in residential mortgage credit in the fourth quarter of 2010.

Short and medium-term fixed mortgage rates remain near historical lows, which is helping to support Canada's housing sector. Rates are expected remain flat for the near-term.

Actual MLS® sales moderated 15.6 per cent during the fourth quarter of 2010, when compared to the same quarter in 2009. The actual average MLS® price was up 1.6 per cent over the same time frame. With respect to the actual dollar volume of existing home sales, it was down 14.3 per cent between the fourth quarter of 2009 and the fourth quarter of 2010.

Actual urban housing starts in Canada increased by 0.6 per cent in the fourth quarter of 2010 compared to the same quarter of 2009.

Figure 3

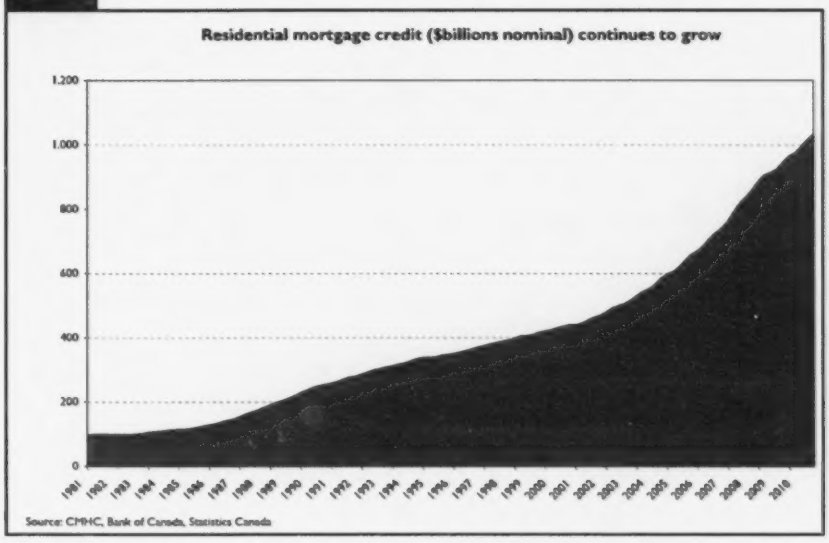
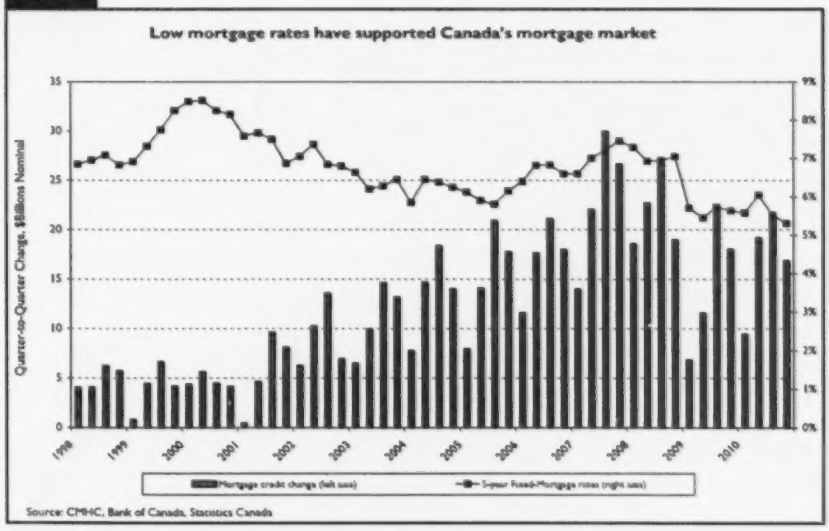


Figure 4



Market shares constant

Chartered banks accounted for 72.5 per cent of the residential mortgage loans outstanding in the fourth quarter of 2010, up from 71.0 per cent in the fourth quarter of 2009. After growing throughout the 1980s and 1990s, the chartered banks share of residential mortgage loans has stabilized over the past 10 years, remaining in the 70 to 72 per cent range.

Credit unions accounted for the second highest proportion of residential mortgage loans in the fourth quarter of 2010 with 17.8 per cent. This is down from the 18.4 per cent share recorded in the fourth quarter of 2009. The share of residential loans held by trusts, life insurance companies and pension funds was relatively unchanged from the same period in 2009. ■

Share of the stock of residential mortgage credit by institution type (%) *

	4Q09	1Q10	2Q10	3Q10	4Q10
Banks	71.0	71.6	72.2	72.3	72.5
Trusts	1.6	1.6	1.7	1.7	1.7
Caisse & Credit Unions	18.4	17.9	17.8	17.9	17.8
Life Insurance Companies	2.3	2.2	2.1	2.1	2.0
Pension Funds	2.4	2.4	2.1	1.9	1.9
Others **	4.3	4.3	4.1	4.1	4.0

* Excludes Special Purpose Vehicles and NHA MBS
** Includes non-depository credit intermediaries

Source: CMHC, Bank of Canada, Statistics Canada.

Indicators Of Mortgage Lending Activity

Mortgage credit outstanding ($millions)*

	2009	2010	4Q09	1Q10	2Q10	3Q10	4Q10
TOTAL	936,025	999,983	965,539	974,961	994,135	1,015,481	1,032,346
% change (year-over-year)	7.5	6.8	6.5	6.7	7.5	7.2	6.9
Banks	43,074	484,148	465,347	474,517	490,581	499,301	507,034
Trusts	49,850	523,796	10,763	10,719	11,290	11,739	11,898
Caisse & Credit Unions	68,471	574,940	120,281	118,935	120,664	123,468	124,818
Life Insurance Companies	86,979	631,592	14,969	14,633	14,441	14,218	14,215
Pension Funds	109,590	698,540	15,591	15,599	14,238	13,370	13,409
Others **	138,130	777,566	28,451	28,331	28,181	28,086	28,143
Special Purpose Vehicles	197,260	869,380	14,133	14,412	14,064	13,444	13,634
NHA Mortgage-Backed Securities	281,433	932,284	296,004	297,815	300,677	311,855	319,194

* Average for the period, unadjusted
** Includes non-depository credit intermediaries

Sources: CMHC and Bank of Canada

NHA and Conventional Mortgage Loans Approved*

		2008	2009	2Q09	3Q09	4Q09	1Q10	2Q10
By Type of Lender								
Banks	**$ millions**	160,842	181,226	55,409	48,389	41,441	46,207	56,149
	Units	869,995	965,501	294,812	250,506	213,333	246,224	282,220
	$ Unit Avg.	*184,877*	*187,702*	*187,947*	*193,165*	*194,255*	*187,662*	*198,955*
Others	**$ millions**	54,799	63,206	19,966	16,255	13,279	18,232	14,131
	Units	353,732	384,813	119,149	95,953	79,306	105,398	85,377
	$ Unit Avg.	*154,917*	*164,251*	*167,572*	*169,406*	*167,440*	*172,982*	*165,513*
TOTAL	**$ millions**	215,641	244,432	75,375	64,644	54,720	64,439	70,280
	Units	1,223,727	1,350,314	413,961	346,459	292,639	351,622	367,597
	$ Unit Avg.	*176,217*	*181,019*	*182,082*	*186,585*	*186,988*	*183,262*	*191,188*

*** Mortgage approval data are gross and may not fully capture lending activities of credit unions, caisses populaires, other smaller institutions and privately-insured loans in some areas.**

Source: CMHC NHA loan approval system and Conventional Lending Survey

This Month's Housing Data (SAAR)

Housing starts, units, 000s

	2010	Q2:10	Q3:10	Q4:10	M12:10	M01:11	M02:11
Canada. Total. All areas	**189.9**	**199.8**	**190.7**	**179.1**	**169.3**	**170.6**	**181.9**
Per cent change from previous period	27.4	2.1	-4.6	-6.1	-13.0	0.8	6.6
Canada. Total. Rural areas	**23.8**	**26.4**	**23.3**	**22.9**	**19.5**	**23.5**	**20.9**
Per cent change from previous period	27.0	12.8	-11.7	-1.7	-18.1	20.5	-11.1
Canada. Total. Urban areas	**166.2**	**173.4**	**167.4**	**156.2**	**149.8**	**147.1**	**161.0**
Per cent change from previous period	27.5	0.7	-3.5	-6.7	-12.3	-1.8	9.4
Canada. Single. Urban areas	**74.2**	**79.3**	**69.9**	**63.5**	**65.6**	**64.2**	**66.1**
Per cent change from previous period	22.7	-10.0	-11.9	-9.2	0.0	-2.1	3.0
Canada. Multiple. Urban areas	**91.9**	**94.1**	**97.5**	**92.7**	**84.2**	**82.9**	**94.9**
Per cent change from previous period	31.6	11.9	3.6	-4.9	-20.0	-1.5	14.5
Newfoundland. Total. All areas	**3.6**	**4.2**	**3.3**	**3.1**	**3.2**	**3.9**	**2.7**
Per cent change from previous period	18.0	-30.0	-21.4	-6.1	3.2	21.9	-30.8
Prince Edward Island. Total. All areas	**0.8**	**0.9**	**0.7**	**0.9**	**1.1**	**0.8**	**0.5**
Per cent change from previous period	-13.8	80.0	-22.2	28.6	10.0	-27.3	-37.5
Nova Scotia. Total. All areas	**4.3**	**4.4**	**4.6**	**3.8**	**2.7**	**4.5**	**3.8**
Per cent change from previous period	25.3	0.0	4.5	-17.4	-25.0	66.7	-15.6
New Brunswick. Total. All areas	**4.1**	**3.6**	**4.4**	**4.5**	**3.1**	**3.5**	**1.8**
Per cent change from previous period	16.5	-18.2	22.2	2.3	-13.9	12.9	-48.6
Quebec. Total. All areas	**51.4**	**54.0**	**50.2**	**47.9**	**47.8**	**48.6**	**44.6**
Per cent change from previous period	18.3	1.7	-7.0	-4.6	8.4	1.7	-8.2
Ontario. Total. All areas	**60.4**	**63.8**	**60.7**	**58.3**	**46.4**	**51.5**	**65.8**
Per cent change from previous period	20.0	4.9	-4.9	-4.0	-43.6	11.0	27.8
Manitoba. Total. All areas	**5.9**	**5.8**	**6.9**	**5.4**	**6.5**	**3.9**	**4.7**
Per cent change from previous period	41.1	13.7	19.0	-21.7	20.4	-40.0	20.5
Saskatchewan. Total. All areas	**5.9**	**5.1**	**6.2**	**7.4**	**7.5**	**6.2**	**8.8**
Per cent change from previous period	52.8	0.0	21.6	19.4	-20.2	-17.3	41.9
Alberta. Total. All areas	**27.1**	**31.6**	**26.9**	**22.4**	**21.0**	**19.6**	**21.9**
Per cent change from previous period	33.5	9.0	-14.9	-16.7	-2.8	-6.7	11.7
British Columbia. Total. All areas	**26.5**	**26.4**	**26.8**	**25.4**	**30.0**	**28.1**	**27.3**
Per cent change from previous period	64.7	-2.9	1.5	-5.2	46.3	-6.3	-2.8

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2010	Q2:10	Q3:10	Q4:10	M12:10	M01:11	M02:11
Canada. Total. Urban areas	166.2	173.4	167.4	156.2	149.8	147.1	161.0
Newfoundland. Total. Urban areas	2.2	2.5	2.0	2.2	2.1	2.4	1.9
Prince Edward Island. Total. Urban areas	0.6	0.7	0.5	0.7	0.9	0.6	0.4
Nova Scotia. Total. Urban areas	3.5	3.4	3.9	3.1	2.2	4.1	3.0
New Brunswick. Total. Urban areas	3.0	2.7	3.2	3.1	2.2	1.4	1.1
Quebec. Total. Urban areas	43.5	45.4	41.7	40.9	41.3	40.8	37.9
Ontario. Total. Urban areas	57.1	60.3	57.5	54.6	43.8	48.4	62.6
Manitoba. Total. Urban areas	4.0	3.7	5.2	3.4	4.7	2.1	3.2
Saskatchewan. Total. Urban areas	4.6	3.9	5.0	5.4	6.1	4.7	7.4
Alberta. Total. Urban areas	24.1	27.6	24.7	19.6	18.6	17	19.4
British Columbia. Total. Urban areas	23.6	23.2	23.7	23.2	27.9	25.6	24.1

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized

This Month's Major Housing Indicators

	2010	Q2:10	Q3:10	Q4:10	M12:10	M01:11	M02:11
New Housing							
New & unoccupied singles & semis, units 000s	5.3	5.4	5.0	5.6	5.8	6.0	5.9
Per cent change from same period previous year	-28.5	-36.3	-25.9	-1.8	5.5	11.0	11.7
New & unoccupied row & apartments, units 000s	13.6	13.4	13.7	13.7	13.8	14.2	13.7
Per cent change from same period previous year	10.8	11.7	6.3	6.6	5.7	3.4	1.3
New House Price Index, 2007=100	103.2	103.2	103.4	103.8	104.0	104.2	n.a.
Per cent change from same period previous year	2.2	2.9	2.8	2.2	2.1	1.9	n.a.
Existing Housing							
MLS® resales*, units 000s	447.0	442.6	396.4	444.4	453.3	472.1	464.4
Per cent change from same period previous year	-3.9	-4.3	-23.7	-16.1	-14.6	-6.7	-5.9
MLS® average resale price, 000s**	339.0	339.1	332.2	343.5	343.5	357.5	366.3
Per cent change from same period previous year	5.8	8.7	0.4	1.3	1.2	5.0	7.4
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	3.49	3.70	3.37	3.30	3.35	3.35	3.50
Posted 5-Year Mortgage Rate, % (period average)	5.61	6.04	5.52	5.31	5.19	5.19	5.44

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association

n.a. Figures not available

* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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